

**Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201**

Department of the Treasury

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Date: 1/13/2012

Employer Identification Number:

Contact Person - ID Number:

Contact Telephone Number:

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4945.04-04

LEGEND

B = Management Company
C = Scholarship Program
D = Donor
E = Technical Career
F = Field of Study
Z = Geographic location
X = Number of scholarships
x dollars = \$ amount
Y = Number of Additional Scholarships
y dollars = \$ amount

Dear _____ :

We have considered your request for advance approval of your grant-making program under section 4945(g)(1) of the Internal Revenue Code, dated November 8, 2010.

Our records indicate that you are recognized as exempt from federal income tax under section 501(c)(3) of the Code and that you are classified as a private foundation as defined in section 509(a).

The information submitted indicates that grants funded by you will be administered, supervised, and paid out by B. B is exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code and has been classified as a publicly supported organization. The name of your scholarship program is C. The purpose of C is to provide scholarships to undergraduate students who have career goals in E. Under the terms of your agreement you will make contributions to B to fund scholarships for the benefit of eligible students who started in C.

In order to be considered for C, the applicant must:

- Be a United States citizen who is a high school senior, high school graduate, or a current postsecondary undergraduate,

- Plan to enroll in a full-time undergraduate study at a four-year accredited college or university,
- Be a permanent resident in one of Z states/district,
- Demonstrate financial need and scholastic achievement, and
- Major in a course of study that focuses on E.

Employees, including relatives of employees of B, B and their affiliates and subcontractors, and D employees affiliated with you are not eligible. And, your program is not intended to grant scholarships to children of employees of a particular company.

The program will use B selection procedures which may include the consideration of diversity, whether applicant are offspring of military or first generation to attend college, academic performance, demonstrated leadership and participation in school and community activities, work experience, an outside appraisal and a 200 word essay demonstrating achievement and educational and career goals in one of four course of study in E.

B will assume responsibility/requirements for management of program, design and promotion of program as requested by you. B will also be responsible for receipt, acknowledgment and processing of all application materials; distribution, receipt and processing of renewal forms for previous scholarship recipients, evaluation of applications, selection and notification of recipients, notification of non- recipients, confirmation of school enrollment, and payment of awards to student recipients on behalf of you and only to the extent that you have advanced the money to B.

You will award up to X scholarships in the amount of x dollars per year, which are available for up to four years. In addition you will award up Y scholarships in the amount of y dollars to participants who are chosen from the early applicants' pool; these awards are available for up to four (4) years and five (5) years for certain F programs and on the basis of satisfactory academic performance. All awards are for undergraduate study only.

You will obtain reports from B to determine whether the grantees have performed the activities that the grants were intended to finance. These reports are based on records that contain: all information obtained by the Foundation to evaluate the qualifications of potential grantees, the identification of grantees (including any relationship of any grantee to the Foundation or to a director or officer of the Foundation), the purpose and amount of each grant, and any additional information the Foundation obtains in complying with its grants administration procedures. You will conduct investigations on any possible misuse of funds.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection 4945(g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Revenue Ruling 81-217, 1981-2 C.B. 217, describes a situation involving a private foundation making grants to an organization that is not a private foundation to provide scholarships only to children of a particular employer. The organization that is not a private foundation evaluates the students according to its own criteria, including student performance on a qualifying examination. Since grant funds are distributed only to children of employees of a particular company, students who receive scholarships are not selected "completely independently" of the grantor. Accordingly, any such scholarships awarded and paid after March 8, 1982, are considered to be individual grants under section 4945(d)(3), for which advance approval of grant procedures are required under section 4945(g).

Because your scholarships are not employer-related grants, the provisions of Rev. Proc. 76-47, 1976-2 C.B. 670, are not applicable. However, you establish criteria in addition to the criteria set by B, thus students who receive scholarships are not selected "completely" independently of you. Accordingly, such scholarships are considered to be individual grants under section 4945(d)(3), for which advance approval of grant procedures are required under section 4945(g).

Based on the information submitted and assuming your award programs will be conducted as proposed, with a view to providing objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

In addition, we have determined that awards made under your procedures are 'scholarship or fellowship' grants within the meaning of section 117 of the Code, and are excludable from the gross income of the recipients subject to the limitations provided in section 117(b) of the Code, including to the extent that such grants are used for qualified tuition and related expenses within the meaning of section 117(b)(2) of the Code.

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(1) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Lois G. Lerner
Director, Exempt Organizations

Enclosure: Notice 437
A redacted copy of this letter